



MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT

**SIXTH PRUDENCE REVIEW OF COSTS
RELATED TO THE FUEL ADJUSTMENT CLAUSE
FOR THE ELECTRIC OPERATIONS
OF**

**EVERGY METRO, INC.,
d/b/a Evergy Missouri Metro**

FILE NO. EO-2025-0073

January 1, 2023 through June 30, 2024

*Jefferson City, Missouri
February 28, 2025*

****Denotes Confidential Information****

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I. EXECUTIVE SUMMARY

Commission Rule 20 CSR 4240-20.090(11)¹ and Missouri Revised Statute Section 386.266.5(4) require that the Commission’s Staff (“Staff”) conduct prudence reviews of an electric utility’s FAC no less frequently than every 18 months. In this prudence review, Staff analyzed items affecting Evergy Metro Inc., d/b/a Evergy Missouri Metro’s (“Evergy Missouri Metro” or “Company”) fuel costs; purchased power costs; net emission allowance costs; transmission costs; off-system sales revenues; and renewable energy credit revenues for the sixteenth, seventeenth and eighteenth accumulation periods of Evergy Missouri Metro’s FAC (“prudence review period”). The sixteenth accumulation period started January 1, 2023 and ended June 30, 2023. The seventeenth accumulation period started July 1, 2023 and ended December 31, 2023. The eighteenth accumulation period started January 1, 2024 and ended June 30, 2024. Thus, the 18-month prudence review period is from January 1, 2023 through June 30, 2024 (“Review Period”). This is Staff’s sixth Prudence Review Report for Evergy Missouri Metro’s FAC. Table 1 identifies Staff’s previous Evergy Missouri Metro FAC prudence reviews.

Table 1 - Completed Evergy Missouri Metro FAC Prudence Reviews

Review	File Number	Review Period
First	EO-2017-0231	July 1, 2015 through December 31, 2016
Second	EO-2019-0068	January 1, 2017 through June 30, 2018
Third	EO-2020-0263	July 1, 2018 through December 31, 2019
Fourth	EO-2022-0064	January 1, 2020 through June 30, 2021
Fifth	EO-2023-0276	July 1, 2021 through December 31, 2022

¹ Effective January 30, 2019.

1 In evaluating prudence, Staff reviews whether a reasonable person making the same
2 decision would find both the information the decision-maker relied on and the process the
3 decision-maker employed to be reasonable based on the circumstances and information known
4 at the time the decision was made, *i.e.*, without the benefit of hindsight. If either the information
5 relied upon or the decision-making process employed was imprudent, then Staff examines
6 whether the imprudent decision caused any harm to ratepayers. Only if an imprudent decision
7 resulted in harm to ratepayers will Staff recommend a disallowance. However, if an imprudent
8 decision did not result in harm to Evergy Missouri Metro’s customers, then Staff may further
9 evaluate the decision-making process, and may recommend changes to the company’s business
10 practice going forward.

11 Staff analyzed a variety of items in examining whether Evergy Missouri Metro was
12 imprudent when it incurred the fuel and purchased power costs associated with its FAC.
13 Based on its review, Staff found no evidence of imprudence at this time by Evergy Missouri
14 Metro in the items Staff examined for the period January 1, 2023 through June 30, 2024.

15 *Staff Experts/Witnesses: Brooke Mastrogiannis, Teresa L. Denney*

16 **II. INTRODUCTION**

17 **A. General Description of Evergy Missouri Metro’s FAC**

18 For each accumulation period (“AP”),² Evergy Missouri Metro’s Commission-approved
19 FAC allows Evergy Missouri Metro to recover from (if the actual net energy costs exceed) or
20 refund to (if the actual net energy costs are less than) its ratepayers ninety-five percent (95%) of
21 its Missouri jurisdictional³ actual net energy costs (“ANEC”)⁴ less net base energy cost (“B”)⁵

² Accumulation periods are January through June and July through December.

³ Missouri jurisdictional factor J is defined on Evergy Missouri Metro’s Original Sheet No. 50.39 as Missouri Retail Energy Ratio = (MO Retail kWh sales + MO Losses) / (MO Retail kWh Sales + MO Losses + KS Retail kWh Sales + KS Losses + Sales for Resale, Municipals kWh Sales [including border customers] + Sales for Resale, Municipals Losses), where MO Losses = 6.09%; KS Losses = 6.51%; Sales for Resale, Municipals Losses = 6.84%.

⁴ “Actual Net Energy Costs” are equal to fuel costs (FC) plus net emission costs (E) plus purchased power costs (PP) plus transmission costs (TC) minus off-system sales revenue (OSSR) and renewable energy credit revenue (R) as defined on Evergy Missouri Metro’s Original Sheet No. 50.33.

⁵ Net base energy costs (B) is defined on Evergy Missouri Metro’s Original Sheet No. 50.39 as net base energy costs ordered by the Commission in the last general rate case consistent with the costs and revenues included in the calculation of the FPA. Net base energy costs will be calculated as shown below $S_{AP} \times \text{Base Factor}$ (“BF”).

1 which is identified as (ANEC – B)*J in Evergy Missouri Metro’s FAC.⁶ Evergy Missouri Metro
2 accumulates variable fuel costs, purchased power costs, transmission costs and net emissions
3 costs minus off-system sales revenues and renewable energy credit revenues during six-month
4 accumulation periods. Each six-month accumulation period is followed by a twelve-month
5 recovery period (“RP”)⁷ when 95% of the (ANEC – B)*J amount (including the monthly
6 application of interest)⁸ is recovered from or returned to ratepayers through an increase or
7 decrease in the FAC FAR during the twelve-month RP. Because the FAR rarely, if ever, will
8 exactly match the required offset, Evergy Missouri Metro’s FAC is designed to true-up the
9 difference between the revenues billed and the revenues authorized (including the monthly
10 application of interest) for collection during recovery periods. Any disallowance the Commission
11 orders as a result of a prudence review shall include interest at the Company’s short-term interest
12 rate and will be accounted for as an item of cost⁹ in a future filing to adjust the FAR.

13 **B. Prudence Standard**

14 In making its recommendation to the Commission, Staff must determine if the utility
15 acted imprudently, and if this imprudence resulted in harm to the utility’s customers. This
16 determination is based upon the information available to the utility and under the circumstances
17 prevailing, at the time when the decision was made or action was taken. Staff’s responsibility
18 is to determine how a reasonable person would have performed the tasks that confronted a
19 company. The determination is not based on hindsight or information that was not available at
20 the time.

21 *Staff Expert/Witness: Brooke Mastrogiannis*

22 *continued on next page*

⁶ For the sixteenth, seventeenth and eighteenth accumulation periods, the (ANEC - B)*J amounts are included on line 5 of Evergy Missouri Metro’s 1st Revised Sheet No. 50.42, 2nd Revised Sheet No. 50.42, and 3rd Revised Sheet No. 50.42, respectively.

⁷ Recovery periods are: October through September and April through March.

⁸ See SECTION IV. INTEREST, of this Prudence Review Report.

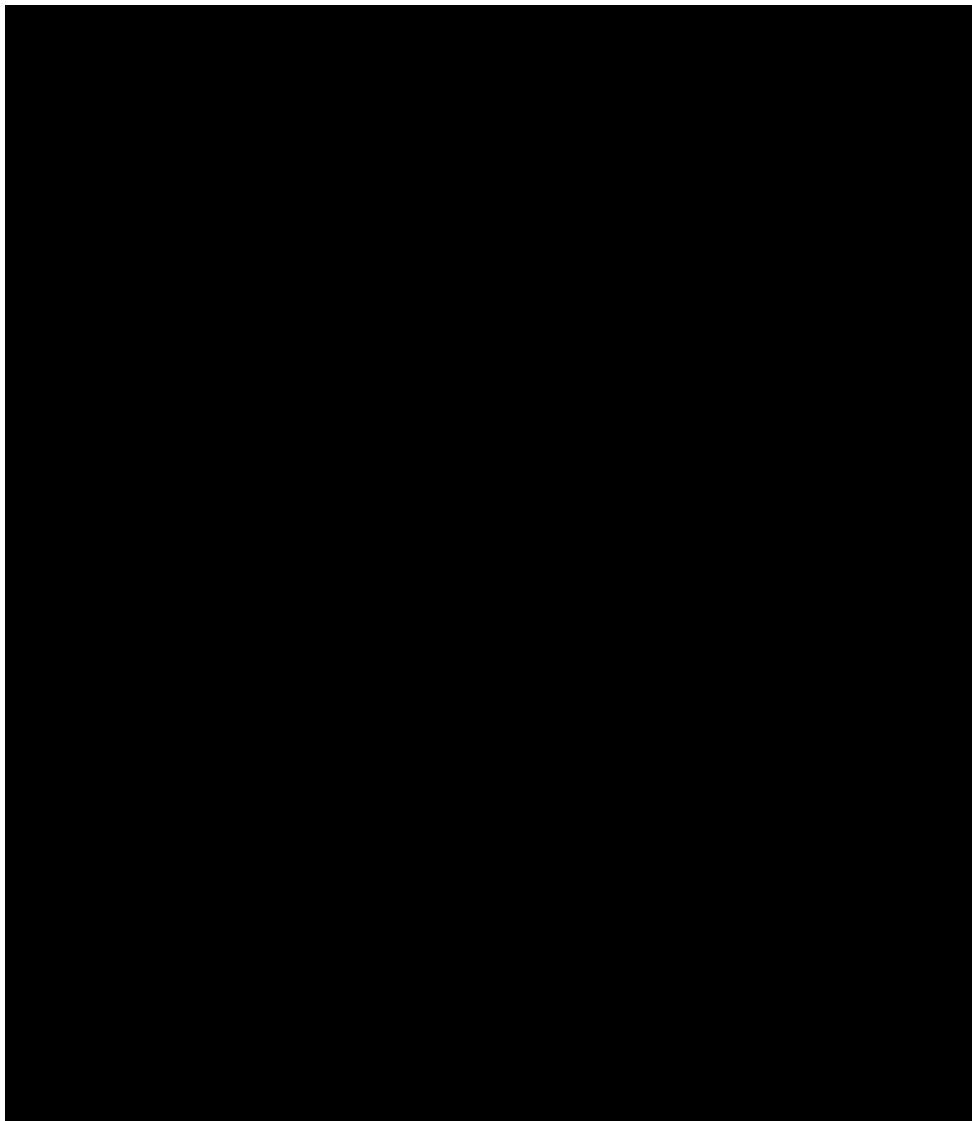
⁹ See PRUDENCE REVIEWS on Evergy Missouri Metro’s Original Sheet No. 50.41.

1 **III. FUEL COSTS, PURCHASED POWER COSTS, TRANSMISSION**
2 **COSTS, NET EMISSION COSTS**

3 Evergy Missouri Metro's FAC includes four major components of costs: fuel costs,
4 purchased power costs, net emission costs and transmission costs. It also includes two
5 components of revenues: off-system sales revenues and renewable energy credit revenues.
6 Table 2 is a breakdown of Evergy Missouri Metro's fuel costs, purchased power costs, net
7 emission costs, transmission costs, off-system sales revenues, and renewable energy credit
8 revenues for the period of January 1, 2023 through June 30, 2024:

9 **Table 2 - Confidential**

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13 *Staff Experts/Witnesses: Brooke Mastrogiannis, Teresa L. Denney, Stacy Henderson, and*
14 *Amanda C. Conner*

1 **A. Utilization of Generation Capacity**

2 **1. Description**

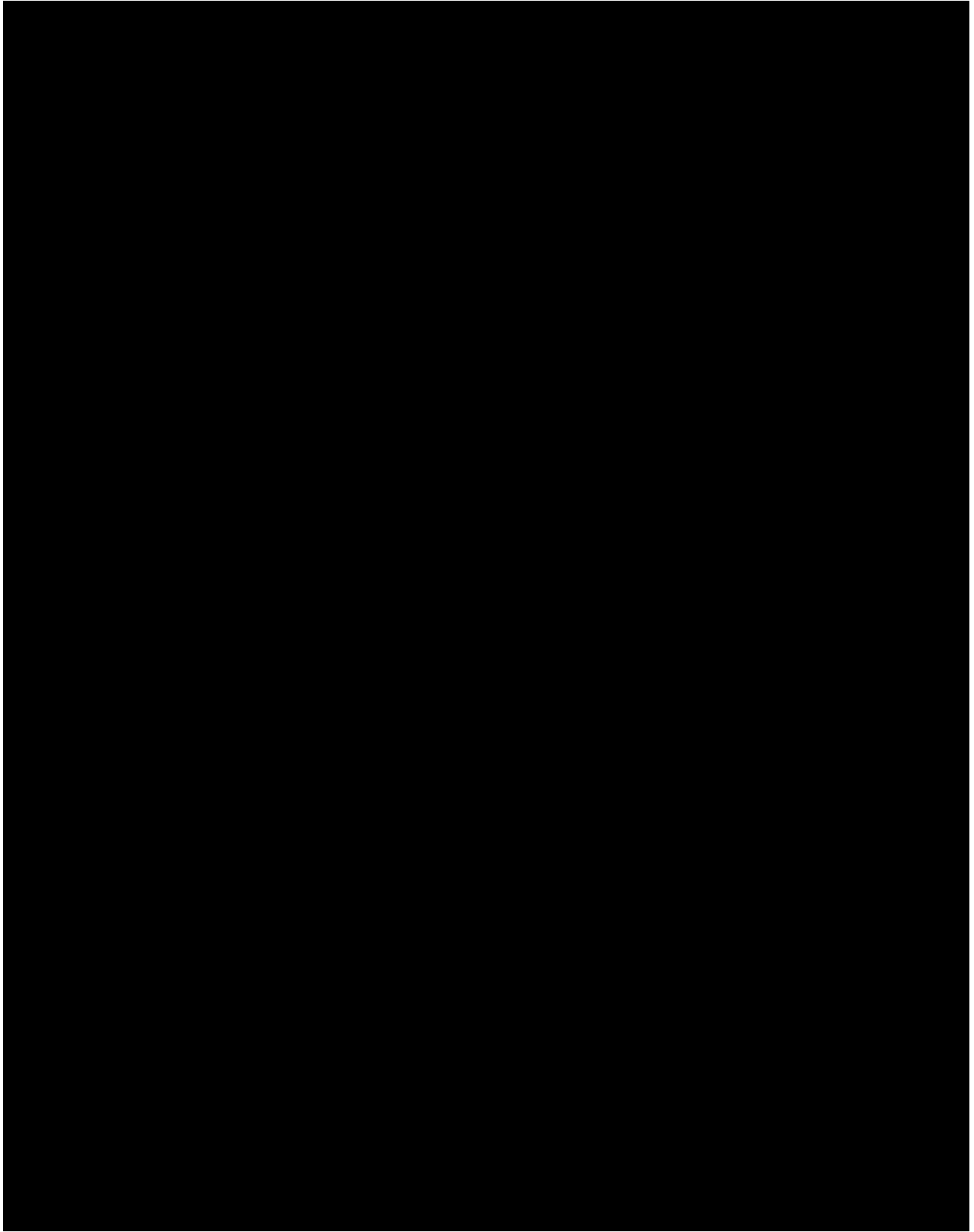
3 The purpose of this section is to provide an overview of Evergy Missouri Metro’s
4 available supply-side and demand response resources and review the process by
5 which generating units are selected to satisfy native load requirements during the
6 Review Period. Evergy Missouri Metro’s generating units consist of a mixture of coal, nuclear,
7 natural gas, diesel, and wind as indicated in Table 3¹⁰ below titled Supply Side Resources.
8 Table 4 provides a list of Evergy Missouri Metro’s long-term Power Purchase Agreements
9 (“PPA”). Table 5 contains a capacity summary for Evergy Missouri Metro’s current fleet.

10 *continued on next page*

¹⁰ Evergy Missouri Metro response to Data Request Nos. 0012 and 0043.

Table 3 - Confidential

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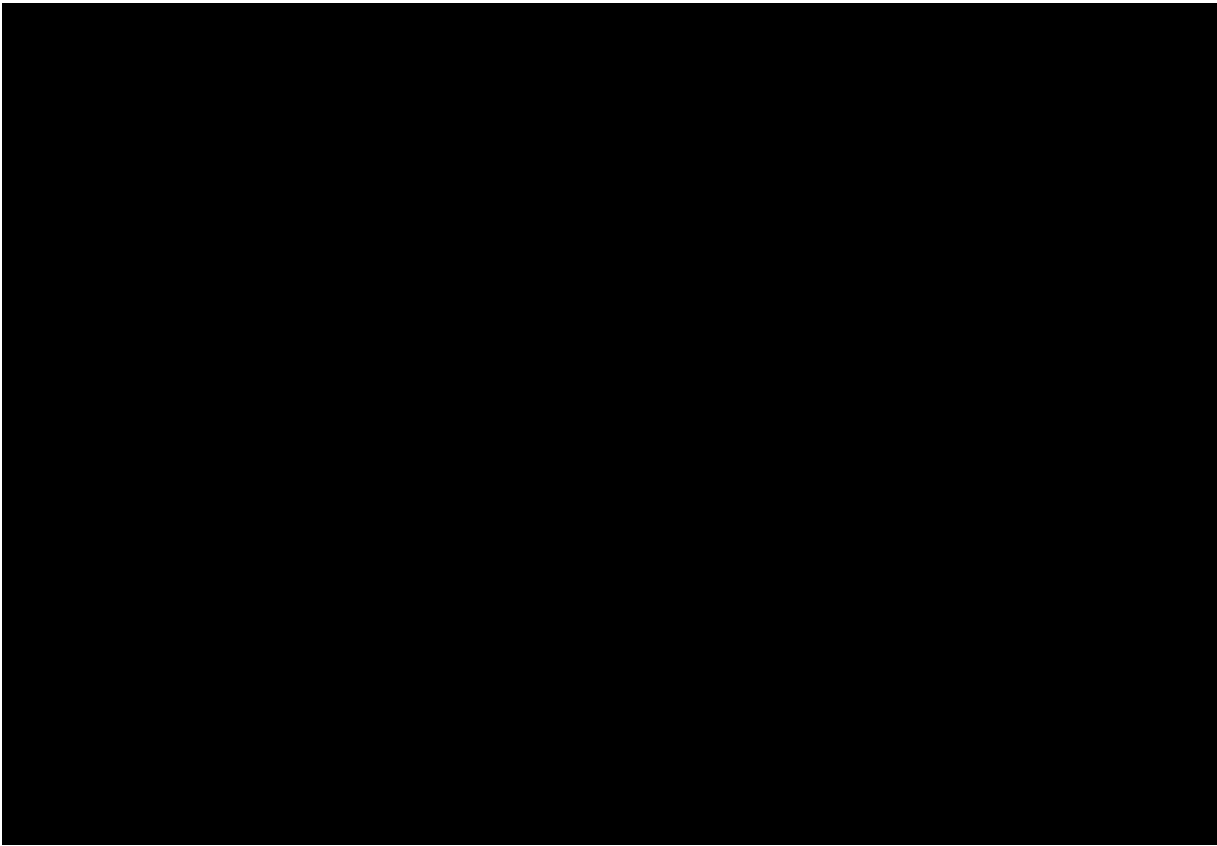
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Table 4 – Confidential

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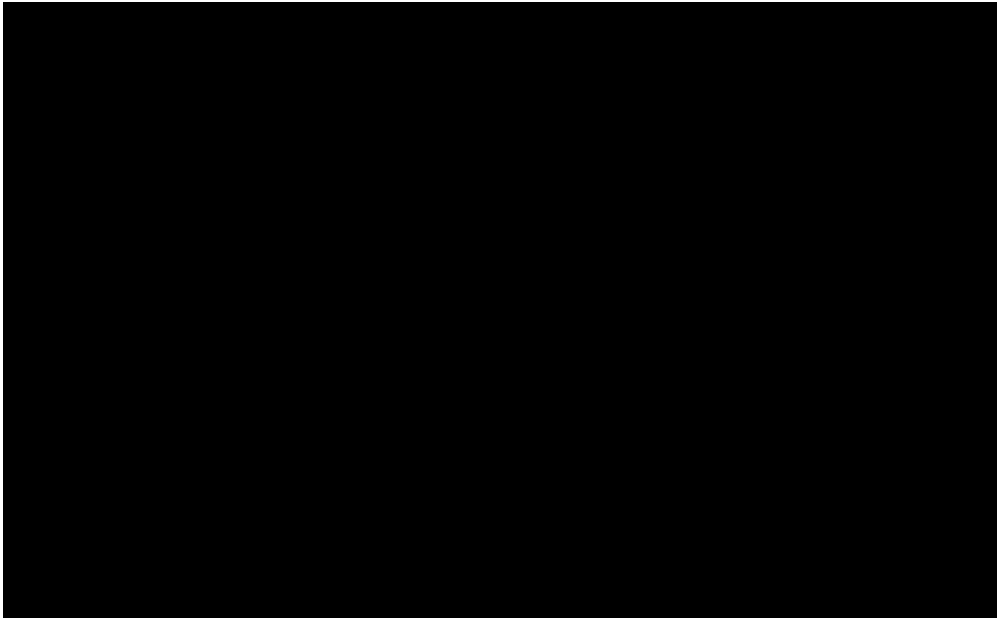
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Table 5 – Confidential

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1 **2. Self – Commitment of Baseload Generation Facilities into SPP**

2 During this FAC prudence review, Staff conducted a review of commitment status of
3 Energys Missouri Metro’s electric generation facilities into Southwest Power Pool (“SPP”) in
4 an effort to determine any negative impacts that might be occurring because of such actions.
5 Staff reviewed Data Request Nos. 0053 and 0053.1 and did not find any evidence of imprudent
6 self-commitment of baseload generation.

7 **3. Conclusion**

8 Staff did not observe any evidence of imprudent utilization of generation resources
9 during this prudence review.

10 **4. Documents Reviewed**

- 11 a. Energys Missouri Metro’s responses to Staff Data Request Nos. 0012, 0012.1, 0043,
12 0053, and 0053.1;
13 b. SPP, Self-committing in SPP markets: Overview, impacts, and recommendations,
14 December 2019; and
15 c. File No. EW-2019-0370.

16 *Staff Expert/Witness: Jordan T. Hull*

17 **B. Heat Rates**

18 **1. Description**

19 Heat rates of generating units are an indicator of each unit’s performance. A heat rate is
20 a calculation of total volume of fuel burned for electric generation multiplied by the average
21 heat content of that volume of fuel for a given time period divided by the total net generation
22 of electricity in kilowatt hours (kWh) for that same time period.

23 **2. Summary of Cost Implications**

24 Heat rates are inversely related to the operating efficiency of the generating unit.
25 Increasing heat rates of specific units over time may indicate that a specific unit’s efficiency is
26 declining. Heat rates can vary greatly depending on operating conditions including but not
27 limited to load, hours of operation, shutdowns and startups, unit outages, derates¹¹, and weather

¹¹ Derate- To lower the rating of (a device), especially because of a deterioration in efficiency or quality.

1 conditions. Therefore, a good indication of unit performance for frequently used units is an
2 analysis of the trend of heat rates over time. A permanent increase in monthly heat rates is
3 commonly the result of a decrease in a generating unit's operating efficiency. This typically
4 occurs when additional emissions reduction equipment is added to the exhaust of the
5 generating unit. Continued utilization of units with sustained elevated heat rates could result in
6 Evergy Missouri Metro incurring higher fuel costs per unit of electricity generated than it would
7 otherwise have incurred. If Evergy Missouri Metro was imprudent in response to the ongoing
8 trend of a unit's heat rate, ratepayer harm could result from an increase in the fuel costs that are
9 collected through Evergy Missouri Metro's FAC charges.

10 **3. Conclusion**

11 In reviewing the monthly heat rates of Evergy Missouri Metro's generating units and
12 examining any reasons behind any unfavorable trends and/or sporadic heat rate months, Staff
13 found no indication that Evergy Missouri Metro acted imprudently during the Review Period.

14 **4. Documents Reviewed**

- 15 a. Evergy Missouri Metro's responses to Staff Data Request Nos. 0017 and 0061; and
- 16 b. Monthly Outage data in the Monthly Reports submitted by Evergy Missouri Metro
17 in compliance with Rule 20 CSR 4240-3.190.

18 *Staff Expert/Witness: Jordan T. Hull*

19 **C. Plant Outages**

20 **1. Description**

21 Generating stations' outages generally can be classified as scheduled outages, forced
22 outages, or partial outages. Scheduled outages consist of either a planned outage or a
23 maintenance outage. A planned outage is one that is scheduled well in advance, with a
24 predetermined duration and occurring only once or twice a year. Outages are planned and
25 scheduled over one year in advance. The exact start date depends on freezing temperatures and
26 natural gas availability. Turbine and boiler overhauls, inspections, testing, and nuclear refueling
27 are typical planned outages. A maintenance outage is one that can be deferred beyond the end
28 of the next weekend but must be taken before the next planned outage. A forced outage is an
29 outage that cannot be deferred beyond the next weekend, and a partial outage, or derating, is a
30 condition that requires the unit to be limited to an energy output below maximum capacity.

1 Outages taken at any of the generating units have an impact on how much
2 Eversource Missouri Metro will pay for fuel and purchased power. Any planned outage during peak
3 load demand times or a period of high replacement energy prices has the potential result of
4 Eversource Missouri Metro paying more for fuel and purchased power costs than it would have
5 paid if the outage were planned during forecasted low load times. Periodic planned outages are
6 required to maintain each generating unit in peak operating condition to minimize forced or
7 maintenance outages that could occur during peak load demand or periods of high replacement
8 energy prices, typically June through August and January through February.

9 Staff examined the planned outages and their timing for imprudence. An example of an
10 imprudent outage would be scheduling a planned outage of a large base load unit during a time
11 of peak load or a period of high replacement energy prices.

12 Eversource Missouri Metro has little or no control over the timing of unscheduled
13 maintenance or forced outages of the generating stations it owns and operates when such
14 outages are the result of unforeseen events. The Company has no control over the timing of
15 planned outages for generating stations it does not own and operate. These types of outages are
16 not included as a part of this prudence review.

17 **2. Summary of Cost Implications**

18 An imprudent planned outage could result in an increased cost of purchased power
19 by Eversource Missouri Metro from the SPP IM¹² as well as a decrease in off-system sales revenues
20 through the SPP IM.

21 **3. Conclusion**

22 Staff did not find any evidence of imprudent planned outages by Eversource Missouri Metro
23 during the Review Period.

24 **4. Documents Reviewed**

- 25 a. Eversource Missouri Metro's responses to Staff Data Request Nos. 0004, 0005,
26 and 0046.

27 *Staff Expert/Witness: Jordan T. Hull*

¹² Southwest Power Pool Integrated Market ("SPP IM").


D. Natural Gas Costs

1. Description

For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri Metro's total fuel costs, purchased power costs, transmission costs, and net emission costs was associated with the natural gas used in generating electricity. The cost of natural gas includes various miscellaneous charges such as firm transportation service charges. During the Review Period, Evergy Missouri Metro's natural gas price averaged ** [REDACTED] ** per MMBtu, based on ** [REDACTED] ** MMBtu of natural gas purchased for a total purchased amount of ** [REDACTED] **. Staff reviewed the contract terms and a sampling of invoices for gas purchased. Staff notes that hedging costs associated with natural gas are not currently included for recovery in Evergy Missouri Metro's FAC; therefore, the hedging costs/revenues and hedging policies were not reviewed in this prudence review. Evergy Missouri Metro receives natural gas services from twenty-four gas supply contracts and four natural gas transportation contracts. The contracts are with the following suppliers:

Table 6 - Confidential

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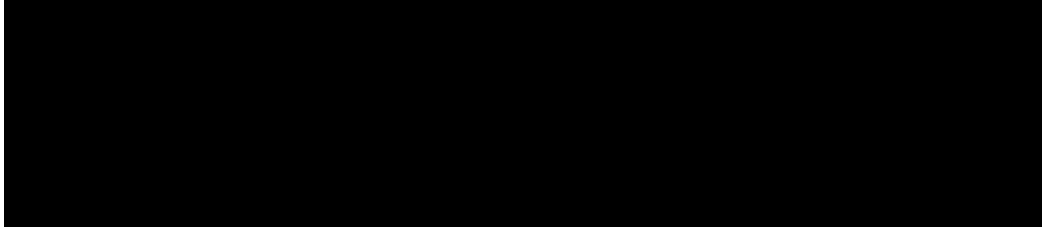


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1 Table 7 lists the entities that Evergy Missouri Metro has Gas Transportation Contracts in effect
2 with for the Review Period:

3 **Table 7 – Confidential**

4 **

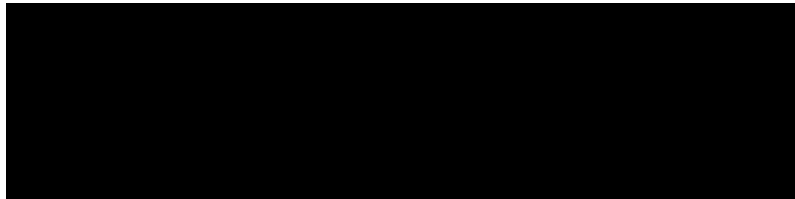


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6
7 Table 8 identifies Evergy Missouri Metro’s intermediate and peaking generating units that burn
8 natural gas:

9 **Table 8 – Confidential**

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12 **2. Summary of Cost Implications**

13 If Evergy Missouri Metro was imprudent in its purchasing decisions relating to natural
14 gas, ratepayer harm could result from increased FAC charges.

15 **3. Conclusion**

16 Staff found no indication Evergy Missouri Metro’s purchases of natural gas were
17 imprudent during the Review Period.

18 **4. Documents Reviewed**

- 19 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0001, 0006, 0012,
20 0023, 0024, 0025, 0027, 0035, 0036, 0044, 0045, 0052, 0069, 0073, 0075, and
21 0076; and
- 22 b. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers
23 for AP 16, 17, and 18.

24 *Staff Expert/Witness: Brooke Mastrogiannis*

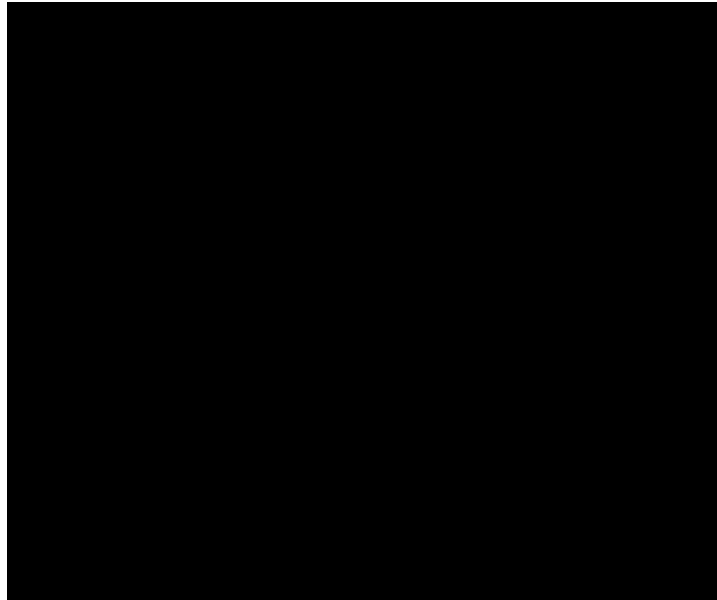
1 **E. Coal and Rail Transportation Costs**

2 **1. Description**

3 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri
4 Metro’s total fuel costs, purchased power costs, transmission costs, and net emission allowance
5 costs was associated with the coal used in generating electricity. The cost of coal includes
6 various miscellaneous charges such as rail and other ground transportation service charges.
7 Staff reviewed the contract terms of nine short and long-term coal purchase contracts, as well
8 as a sampling of invoices for coal purchased and delivered. The counterparties for the contracts
9 are identified in Table 9:

10 **Table 9 - Confidential**

11 **



12 **

13 The contracts provide coal delivery to Evergy Missouri Metro’s Hawthorn 5, Iatan 1 and 2, and
14 LaCygne 1 and 2. The price of coal can either be a fixed price for the entire contract, a fixed
15 price for each year of the contract, a base price plus an escalation as calculated per the contract,
16 a price determined by the Master Purchase & Sales Agreement, or a price which is index-based.

17 **2. Summary of Cost Implications**

18 If Evergy Missouri Metro was imprudent in its decisions relating to purchasing and
19 transporting coal, ratepayer harm could result from an increase in FAC charges.

1 **3. Conclusion**

2 Staff found no indication that Evergy Missouri Metro’s purchases and transportation of
3 coal or its coal-related contracts were imprudent during the Review Period.

4 **4. Documents Reviewed**

- 5 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0001, 0006, 0007,
6 0008, 0012, 0021, 0023, 0023.1, 0028, 0029, 0030, 0031, 0035, 0036, 0044, 0044.1,
7 0045, 0052, 0070, 0071, and 0074; and
- 8 b. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers for
9 AP 16, 17, and 18.

10 *Staff Expert/Witness: Brooke Mastrogiannis*

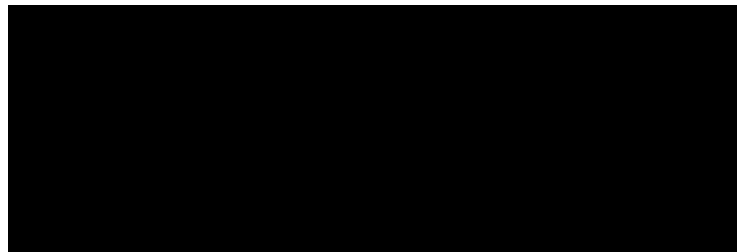
11 **F. Fuel Oil Costs**

12 **1. Description**

13 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri Metro’s
14 total fuel costs, purchased power costs, transmission costs, and net emission allowance costs
15 was associated with the fuel oil used in generating electricity. The cost of fuel oil includes
16 various miscellaneous charges, such as rail and/or ground transportation service charges. Staff
17 reviewed the contract terms of Evergy Missouri Metro’s three oil contracts that were in place
18 during the Review Period, as well as a sampling of invoices for fuel oil purchased. The contracts
19 provide a primary delivery location and agreement on the price. The price is based on the market
20 price at the time Evergy Missouri Metro purchases the fuel oil. The counterparties for the fuel
21 oil contracts are identified in Table 10:

22 **Table 10 - Confidential**

23 **



24 **

25 The fuel oil contracts provide delivery of fuel oil to various generating units.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri Metro imprudently purchased fuel oil, ratepayer harm could result
3 from increased FAC charges.

4 **3. Conclusion**

5 Staff found no indication Evergy Missouri Metro’s costs associated with its fuel oil
6 contracts in place were imprudent during the Review Period.

7 **4. Documents Reviewed**

- 8 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0001, 0006, 0012,
9 0023, 0026, 0035, 0036, 0044, 0045, and 0052; and
10 b. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers for
11 AP 16, 17, and 18.

12 *Staff Expert/Witness: Brooke Mastrogiannis*

13 **G. Fuel Residuals**

14 **1. Description**

15 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri Metro’s
16 total fuel costs, purchased power costs, transmission costs, and net emission allowance costs
17 was associated with the fuel residuals. There are a number of things that fall within the fuel
18 residuals costs, such as ash disposal costs including contractors, materials, and other
19 miscellaneous expenses. Staff reviewed the contract terms provided with the contract labor
20 included for fuel residuals, along with a large sample of the invoices. These invoices were
21 mainly specific to fly ash that is being disposed of from coal burned at Hawthorn and being
22 moved to an open landfill at Montrose, along with contractor per diems including meals and
23 mileage. Although Staff does have some concerns with the type of expenses that are being
24 recovered through the FAC related to various miscellaneous items, since the FAC tariff has
25 very vague language about miscellaneous items,¹³ Staff will continue to review and monitor,
26 and may address changing the language in the Company’s next general rate case. In addition,
27 Staff has some outstanding data requests that are not due to be responded to until after this Staff
28 Report is due to be filed.

¹³ P.S.C. MO. No. 7 Original Sheet No. 50.33 “Subaccount 501400 and 501420: residuals costs and revenues associated with combustion byproducts, slag and ash disposal costs and revenues including contractors, materials and other miscellaneous expenses.”

1 **2. Summary of Cost Implications**

2 If Evergy Missouri Metro imprudently purchased fuel residuals, ratepayer harm could
3 result from increased FAC charges.

4 **3. Conclusion**

5 Staff has recently become aware of a lawsuit regarding a potential fly ash contamination
6 in Henry County, Missouri. Based on this, and the fuel residual discussion above, Staff is unable
7 to determine if all fuel residual costs are prudent at this time but will continue to review and
8 monitor the lawsuit and may make further recommendations in any future case proceeding.
9 Staff may also address changing the fuel residual FAC tariff language in the Company's next
10 general rate case.

11 **4. Documents Reviewed**

- 12 a. Evergy Missouri Metro's responses to Staff Data Request Nos. 0001, 0023, 0023.1,
13 0023.4, 0035, 0036, 0044, 0045, 0052, 0067, 0071, and 0074; and
14 b. Evergy Missouri Metro's monthly reports, FAR Filings and related work papers for
15 AP 16, 17, and 18.

16 *Staff Expert/Witness: Brooke Mastrogiannis*

17 **G. Transmission Costs**

18 **1. Description**

19 For the Review Period, ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri Metro's
20 total fuel cost, purchased power costs, transmission costs and net emission costs was associated
21 with transmission costs. There were two tariff sheets that were in effect during this Review
22 Period. Evergy Missouri Metro's FAC P.S.C. MO No. 7 First Revised Sheet No. 50.24 was in
23 effect January 1, 2023 through January 8, 2023. Evergy Missouri Metro's FAC P.S.C. MO No.
24 7 Original Sheet No. 50.35 was in effect January 9, 2023 through June 30, 2024.

25 For calculating transmission costs, Evergy Missouri Metro implemented a
26 process whereby total transmission expenses were tabulated and then costs not allowed in
27 the FAC were removed. Staff reviewed the transmission costs over the Review Period to
28 verify only 28.50% of the SPP transmission service costs are included (from January 1, 2023

1 through June 30, 2023).¹⁴ Evergy Missouri Metro’s transmission costs during the Review
2 Period are ** [REDACTED] **.

3 **2. Summary of Cost Implications**

4 If Evergy Missouri Metro imprudently included transmission costs in the FAC,
5 ratepayer harm could result from increased FAC charges.

6 **3. Conclusion**

7 Staff found no indication that Evergy Missouri Metro’s transmission costs were
8 imprudent during the Review Period.

9 **4. Documents Reviewed**

- 10 a. Evergy Missouri Metro’s General Ledger;
- 11 b. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0023, 0040 and
12 0040.1; and
- 13 c. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers for
14 AP 16, 17, and 18.

15 *Staff Expert/Witness: Stacy Henderson*

16 **H. Nuclear Fuel**

17 **1. Description**

18 For the Review Period ** [REDACTED] ** or ** [REDACTED] ** of Evergy Missouri Metro’s
19 fuel costs, purchased power costs, transmission costs, and net emission allowance costs is
20 associated with nuclear fuel used in the generation of electricity at the Wolf Creek Nuclear
21 Operating Corporation’s generating unit. Evergy Missouri Metro owns 47% of Wolf Creek
22 Nuclear Operating Corporation.

23 **2. Summary of Cost Implications**

24 If Evergy Missouri Metro was imprudent in its purchasing decisions relating to nuclear
25 fuel, ratepayer harm could result from increased FAC charges.

¹⁴ During the last general rate case, Case No. ER-2022-0129, the Commission, in its *Order Approving Four Partial Stipulations and Agreements* issued on September 22, 2022, approved the change of the FAC transmission percentage from 26.40% to 28.50%.

1 **3. Conclusion**

2 Staff found no indication that Evergy Missouri Metro nuclear fuel costs were imprudent
3 during the Review Period.

4 **4. Documents Reviewed**

- 5 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0023, 0035, 0036,
6 0044, and 0062; and
- 7 b. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers for
8 AP 16, 17, and 18.

9 *Staff Expert/Witness: Brooke Mastrogiannis*

10 **I. Emission Allowances**

11 **1. Description**

12 The Cross-State Air Pollution Rule (“CSAPR”) is a ruling by the United States
13 Environmental Protection Agency (“EPA”) that requires a number of states, including Missouri,
14 to reduce power plant emissions that contribute to ozone and/or fine particle pollution in other
15 states. The CSAPR requires Missouri to reduce its annual emissions of sulfur dioxide (SO₂)
16 and nitrous oxides (NO_x) to help downwind states attain the 24-hour National Ambient Air
17 Quality Standards (“NAAQS”). The CSAPR also requires Missouri to reduce ozone season
18 emissions of NO_x to help downwind states attain the 8-hour NAAQS. The primary mechanism
19 of CSAPR is a cap-and-trade program that allows a major source of NO_x and/or SO₂ to trade
20 excess allowances when its emissions of a specific pollutant fall below its cap for that pollutant.

21 To comply with CSAPR, Evergy Missouri Metro established an inventory for SO₂ and
22 NO_x. Evergy Missouri Metro currently plans to maintain this SO₂ and NO_x allowance inventory
23 sufficient to offset expected emissions. This Emission Allowance inventory is tracked in
24 Company account 158200 and 158201. The Evergy Missouri Metro SO₂ and NO_x allowance
25 inventories are valued at zero cost, and the cost for SO₂ and NO_x allowances is tracked in FERC
26 Account Number 509000. For the Review Period, the total balance in the emission inventory
27 accounts as of June 30, 2024 was ** [REDACTED] **. The Company annually balances account 509000
28 when the EPA yearly awards the additional allowances.

29 For the Review Period, Evergy Missouri Metro’s total net emission allowance cost was
30 ** [REDACTED] **.

1 **2. Summary of Cost Implications**

2 If Evergy Missouri Metro imprudently used, purchased or banked its SO₂ and NO_x
3 allowances, ratepayer harm could result from an increase in Evergy Missouri Metro’s FAC
4 charges.

5 **3. Conclusion**

6 Staff found no indication that Evergy Missouri Metro was imprudent in its purchases,
7 banking, or usage of CSAPR NO_x and SO₂ allowances.

8 **4. Documents Reviewed**

- 9 a. Evergy Missouri Metro’s response to Staff’s Data Request Nos. 0023, 0032, 0034,
10 0039, 0044, 0057, 0058, 0059, and 0060;
- 11 b. Evergy Missouri Metro’s FAR filings and related work papers for AP 16, 17,
12 and 18; and
- 13 c. Evergy Missouri Metro’s monthly reports for the time period January 1, 2023
14 through June 30, 2024 required by 20 CSR 4240-20.090(5).

15 *Staff Expert/Witness: Teresa L. Denney*

16 **J. Off-System Sales Revenue**

17 **1. Description**

18 Off-system sales revenues (“OSSR”) is a component in the calculation of Evergy
19 Missouri Metro’s FAR used to charge or refund fuel and purchased power costs to its customers.
20 Staff reviewed the off-system sales quantities and revenues over the Review Period, and
21 Evergy Missouri Metro’s off-system sales revenue recoverable under the FAC was in the
22 amount of ** [REDACTED] **.

23 **2. Summary of Cost Implications**

24 Evergy Missouri Metro’s revenues from off-system sales are an offset against total
25 fuel and purchased power costs, transmission costs and net emission costs. This is because
26 Evergy Missouri Metro’s ratepayers pay for the resources used to produce any energy that
27 Evergy Missouri Metro sells. Since implementing the IM, SPP has controlled the economic
28 dispatch of Evergy Missouri Metro’s generation. During times that Evergy Missouri Metro’s
29 generation exceeds Evergy Missouri Metro’s retail customers’ needs, Evergy Missouri Metro

1 becomes a net seller in the SPP IM. If Evergy Missouri Metro did not make available its
2 generating units in the SPP IM for off-system sales to be made, ratepayers could be harmed by
3 such imprudence by an increase in Evergy Missouri Metro's FAC charges.

4 **3. Conclusion**

5 Staff found no indication that Evergy Missouri Metro imprudently withheld availability
6 of its generating units in the SPP for off-system sales to be made.

7 **4. Documents Reviewed**

- 8 a. Evergy Missouri Metro's responses to Staff Data Request Nos. 0019, 0023, 0044,
9 and 0054;
- 10 b. Evergy Missouri Metro's FAC tariff sheet during the Review Period; and
- 11 c. Evergy Missouri Metro's monthly reports, FAR Filings and related work papers for
12 AP 16, 17 and 18.

13 *Staff Expert/Witness: Amanda C. Conner*

14 **K. Renewable Energy Credit Revenues**

15 **1. Description**

16 The Missouri Renewable Energy Standard ("RES")¹⁵ requires all investor-owned
17 electric utilities in Missouri to provide at least two percent (2%) of their retail electricity
18 sales using renewable energy resources in each calendar year 2011 through 2013, and to
19 increase that percentage over time to at least fifteen percent (15%) by 2021. Commission rule
20 20 CSR 4240-20.100, Electric Utility Renewable Energy Standard Requirements, which first
21 became effective September 30, 2010, contains the definitions, structure, operations, and
22 procedures for implementing the RES.

23 The RES rule creates two categories of energy-generating resources: non-renewable
24 energy resources (including purchased power from non-renewable energy sources) and
25 renewable energy resources (including purchased power from renewable energy sources).¹⁶
26 Renewable energy resources produce electrical energy and are:

¹⁵ Section 393.1020 RSMo. Supp. 2013 and Section 393.1030.1(1), RSMo. Supp. 2013.

¹⁶ 20 CSR 4240-20.100(5)(B).

- 1 • wind
- 2 • solar sources
- 3 • thermal sources
- 4 • hydroelectric sources
- 5 • photovoltaic cells and panels
- 6 • fuel cells using hydrogen produced by one (1) of the above-named electrical
- 7 energy sources, and other sources of energy that become available after
- 8 August 28, 2007, and are certified as renewable by the Missouri Department
- 9 of Natural Resources – Division of Energy (“Division of Energy”).¹⁷

10 Once an energy resource is certified, it begins producing Renewable Energy Credits
11 (“RECs”), with one (1) REC representing one (1) megawatt-hour of electricity that has been
12 generated from the renewable energy resource. These RECs can be sold and/or traded in the
13 market place bundled with or without the energy that generated the REC.¹⁸ The cost of a REC
14 (as a RES compliance cost) cannot be recovered through the FAC.¹⁹ However, revenues from
15 the sale of RECs are recovered through Evergy Missouri Metro’s FAC as an off-set to fuel
16 costs. During the Review Period, the RES rule required Evergy Missouri Metro to provide at
17 least 15% of its retail sales using renewable energy resources. There were no REC expenses
18 submitted under the FAC program during this Review Period.

19 In Case No. EO-2022-0064 on July 25, 2022, a Non-Unanimous Stipulation and
20 Agreement was made in regards to Evergy Missouri Metro selling excess RECs, and the
21 Commission issued its Order Approving Stipulation and Agreement on September 14, 2022.
22 Within this agreement it states, “The Company’s current REC sales procedure implemented in
23 2022 will be included in the next Evergy Missouri Metro and Evergy Missouri West Fuel
24 Adjustment Rate (FAR) filings.”²⁰ Subsequently, Evergy Missouri Metro began selling some
25 of its excess RECs starting February 1, 2022.

¹⁷ Prior Department of Economic Development – Division of Energy.

¹⁸ 20 CSR 4240-20.100(6)(B)(5)(J).

¹⁹ 20 CSR 4240-20.100(6)(A)(16).

²⁰ Non-Unanimous Stipulation and Agreement filed on July 25, 2022 and Ordered by the Commission on September 14, 2022.

1 Staff also reviewed Evergy Missouri Metro's 2024 RES Compliance Plan²¹, and all
2 sources suggest the number of non-solar RECs will continue to increase in the coming years.
3 Staff reviewed all of the RECs sold during the Review Period, and the total amount of REC
4 revenues was ** [REDACTED] **.

5 **2. Summary of Cost Implications**

6 Evergy Missouri Metro started selling excess RECs in 2022. The revenues from the
7 sale of excess RECs is a partial offset to fuel and purchased power costs. However, since the
8 amount of excess RECs continues to increase, Staff will continue to monitor the management
9 of the Company's REC assets including, but not limited to, the amount and vintage dates of
10 excess RECs being sold.

11 **3. Conclusion**

12 Staff found no indication that Evergy Missouri Metro imprudently sold RECs during
13 this review period. However, Staff will continue to monitor the management of selling RECs
14 to ensure the maximum amount of revenues.

15 **4. Documents Reviewed**

- 16 a. Evergy Missouri Metro's responses to Data Request Nos. 0042, 0042.1, 0042.2,
17 0044, 0055, 0056, and 0068;
- 18 b. File No. ER-2024-0027;
- 19 c. File No. ER-2024-0221;
- 20 d. File No. ER-2025-0039; and
- 21 e. File No. EO-2024-0299- Evergy Missouri Metro 2024 Annual Renewable Energy
22 Standard Compliance Plan.

23 *Staff Expert/Witness: Amanda C. Conner*

²¹ RES Compliance Plan Case No. EO-2024-0299.

1 **L. Purchased Power Costs**

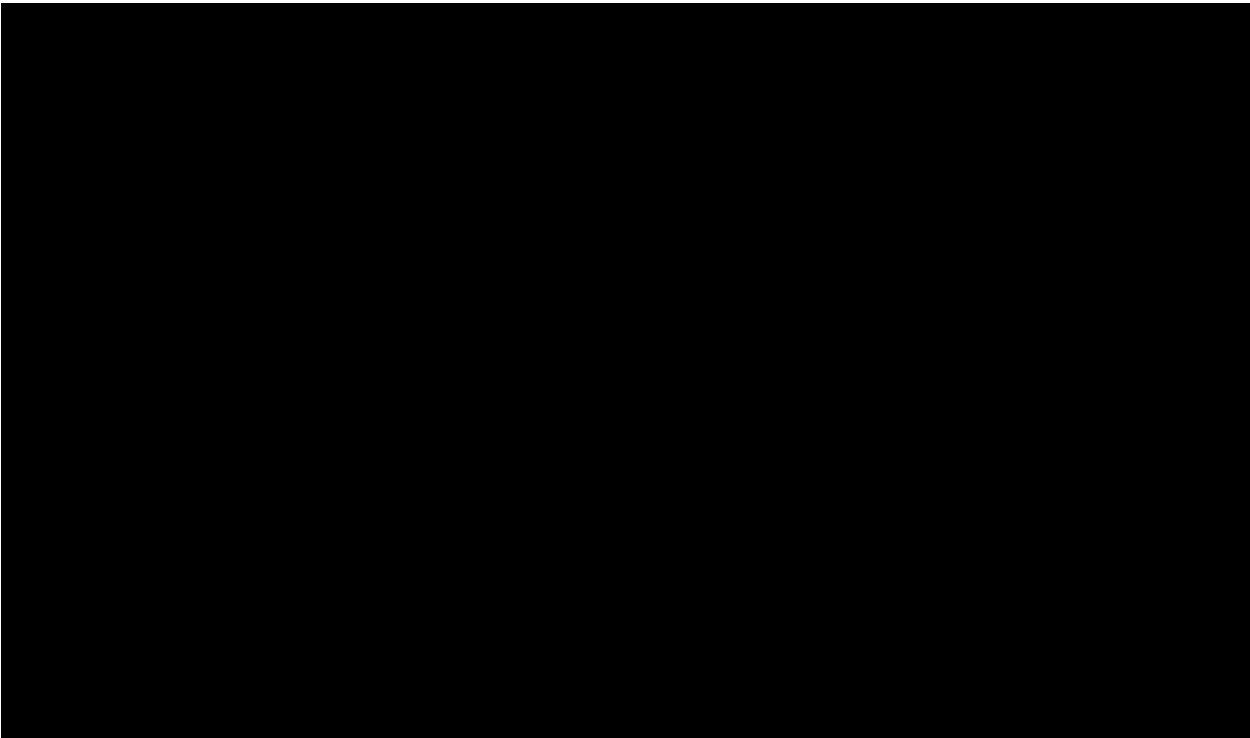
2 **1. Description**

3 There were two tariff sheets in effect during this Review Period. Evergy Missouri
4 Metro’s FAC P.S.C. MO No. 7 First Revised Sheet No. 50.23 was in effect January 1, 2023
5 through January 8, 2023. Evergy Missouri Metro’s FAC P.S.C. Mo. No 7 1st Revised Sheet
6 No. 50.34, was in effect from January 9, 2023 through the June 30, 2024, define the Purchased
7 Power Costs (“PP”) components, which are purchases of power through the SPP IM and not
8 energy generated by the Company.

9 Staff has determined that Evergy Missouri Metro’s total purchased power expense for
10 the Review Period is ** [REDACTED] ** as shown previously in Table 2. More detail for the
11 cost of Purchased Power is shown in Confidential Table 11 below.

12 **Table 11 - Confidential**

13 **



14 **

1 **Non-Firm Short-term Energy**

2 Since SPP implemented the IM on March 1, 2014, SPP has controlled the economic
3 dispatch of Evergy Missouri Metro’s generation. During times that Evergy Missouri Metro’s
4 load exceeds Evergy Missouri Metro’s generation, Evergy Missouri Metro becomes a net
5 purchaser in the SPP market. These SPP market purchases are from other electric suppliers to
6 help meet Evergy Missouri Metro’s retail load during times of forced or planned plant outages
7 and during times when the market price is below the marginal cost of providing that energy
8 from Evergy Missouri Metro’s generating units. Under the SPP IM, Evergy Missouri Metro’s
9 generation is offered to the SPP IM and energy needed for native load requirements is purchased
10 from the SPP market. “Spot purchases and sales are made based upon SPP market and
11 system operating conditions for the entire SPP footprint.”²² Costs for the IM purchases are
12 included as “Non-Firm Short-term Energy” in Tables 2 and 11 of this Report. Further
13 discussion of Evergy Missouri Metro’s participation in these markets can be found in
14 Section III.A. of this report.

15 **Long-Term Purchased Power Agreements**

16 Evergy Missouri Metro has ** [REDACTED]

17 [REDACTED]
18 [REDACTED] **. These contracts are “take-or pay” contracts for
19 renewable wind energy and RECs (i.e., Evergy Missouri Metro has to receive and pay for the
20 energy whether it needs the energy or not), which is a standard feature of many wind PPAs.
21 The contract is for the energy and RECs generated by the wind farm. The total fixed energy
22 contract price per MWh, the amount of capacity per MW, the number of years for each contract,
23 the expiration date for each contract, and the total cost of electricity with revenue associated
24 with sales and the results of a net loss/gain for the Review Period are included in the
25 Confidential Table below.

²² Data Request Response No. 0016 in File No. EO-2025-0073.

Table 12 - Confidential

**

**

Staff also reviews long-term purchased power contracts during a general rate case. As a result of that review, a determination is made regarding what generation plants and purchased power contracts should be input into Staff’s fuel model. The outcome of the most recent general rate case is taken into consideration regarding the prudence of long-term purchased power contracts. Staff also considers the Company’s Integrated Resource Plan (“IRP”) and IRP Annual Updates regarding long-term purchased power contracts.

Staff has recommended disallowances for certain purchased power contracts in the past, and has brought these issues up in past IRP’s, rate cases, and during the immediately preceding FAC prudence review. However, during this prudence review period Staff did not find any imprudence. Staff will continue to monitor the management of the Company’s PPA’s.

2. Summary of Cost Implication

If Evergy Missouri Metro did not manage its purchase power contracts properly, ratepayer harm could result from an increase in costs collected through the FAC.

3. Conclusion

Staff found no indication of imprudence by Evergy Missouri Metro for purchasing short-term capacity or impacts from long-term purchased power contracts or purchasing energy in the SPP IM market.

1 **4. Documents Reviewed**

- 2 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0001, 0002, 0015,
3 0016, 0018, 0019, 0020, 0023, 0035, 0036, 0051, 0064, and 0066;
- 4 b. PPA Contracts;
- 5 c. Evergy Missouri Metro’s responses to Staff Data Request No. 0020 in File
6 No. EO-2025-0073;
- 7 d. Staff Report in Case No. EO-2022-0201 and EO-2023-0212; and
- 8 e. Section III.A. of this report.

9 *Staff Expert/Witness: Amanda C. Conner*

10 **IV. INTEREST**

11 **1. Description**

12 During each accumulation period, Evergy Missouri Metro is required to calculate a
13 monthly interest amount based on Evergy Missouri Metro’s short-term debt borrowing rate that
14 is applied to the under-recovered or over-recovered fuel and purchased power costs.
15 Evergy Missouri Metro’s short-term debt rate is calculated using the daily one-month
16 United States Dollar London Interbank Offered Rate (“LIBOR”), using the last previous actual
17 rate for weekends and holidays or dates without an available LIBOR, and the Applicable
18 Margin for Eurodollar Advances. A simple mathematical average of all the daily rates for the
19 month is then computed. For the Review Period, Evergy Missouri Metro’s average monthly
20 interest rate from January 1, 2023 through June 30, 2024, was ** [REDACTED] ** with the total amount
21 of interest accumulated for the period of ** [REDACTED] **. The interest amount is component
22 “T” of Evergy Missouri Metro’s FAC.

23 **2. Summary of Interest Implications**

24 If Evergy Missouri Metro imprudently calculated the monthly interest amounts or used
25 short-term debt borrowing rates that did not fairly represent the actual cost of Evergy Missouri
26 Metro’s short-term debt, ratepayers could be harmed by FAC charges that are too high.

1 **3. Conclusion**

2 Staff found no evidence Evergy Missouri Metro imprudently determined the monthly
3 interest amount that was applied to the under-recovered or over-recovered fuel and purchased
4 power costs.

5 **4. Documents Reviewed**

- 6 a. Evergy Missouri Metro’s responses to Staff Data Request Nos. 0001 and 0044;
7 b. Evergy Missouri Metro’s monthly interest calculation work papers in support of the
8 interest calculation amount on the under-recovered or over-recovered balance; and
9 c. Evergy Missouri Metro’s monthly reports, FAR Filings and related work papers for
10 AP 16, 17 and 18.

11 *Staff Expert/Witness: Stacy Henderson*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Sixth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0073
Adjustment Clause of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

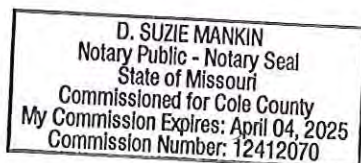
COMES NOW, AMANDA C. CONNER, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Amanda C. Conner
AMANDA C. CONNER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of February 2025.



D. Suzie Mankin
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Sixth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0073
Adjustment Clause of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro)

AFFIDAVIT OF TERESA DENNEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, TERESA DENNEY, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

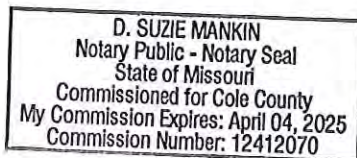
Further the Affiant sayeth not.

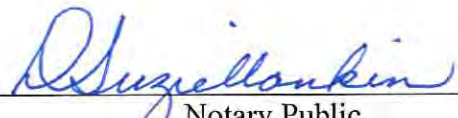


TERESA DENNEY

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of February 2025.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

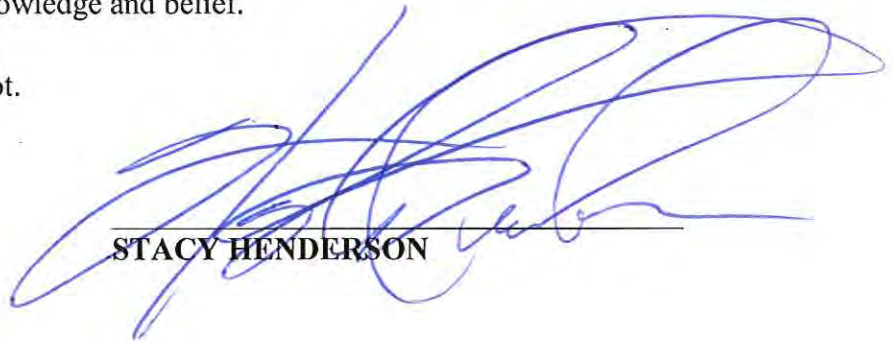
In the Matter of the Sixth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0073
Adjustment Clause of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro)

AFFIDAVIT OF STACY HENDERSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, STACY HENDERSON, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

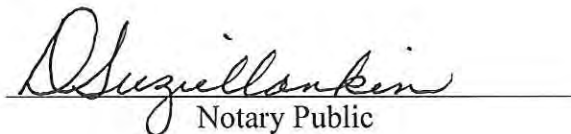


STACY HENDERSON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of February 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Sixth Prudence Review)
of Costs Subject to the Commission-)
Approved Fuel Adjustment Clause of) File No. EO-2025-0073
Evergy Metro, Inc. d/b/a Evergy Missouri)
Metro)

AFFIDAVIT OF JORDAN T. HULL

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JORDAN T. HULL and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




JORDAN T. HULL

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of February 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Sixth Prudence Review of)
Costs Subject to the Commission-Approved Fuel) File No. EO-2025-0073
Adjustment Clause of Evergy Metro, Inc. d/b/a)
Evergy Missouri Metro)

AFFIDAVIT OF BROOKE MASTROGIANNIS

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, BROOKE MASTROGIANNIS, and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



BROOKE MASTROGIANNIS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of February 2025.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public